

RECORD
SALES AND
EARNINGS

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CORPORATION FILE

EDISON BROTHERS STORES INC.

1974
Annual
Report



SHOE STORES
THE HANDYMAN
SIZE 5-7-9 SHOPS
UNITED SPORTING GOODS
JEANS WEST



EDISON BROTHERS STORES INC.

The Board of Directors

JULIAN I. EDISON
Chairman of the Board

BERNARD A. EDISON
President

IRVING EDISON

ERIC P. NEWMAN
Executive Vice President

SIMON EDISON

SAMUEL L. DEMOFF
Executive Vice President

WILLIAM E. POLLEY
Vice President

NORMAN ROSENTHAL
Executive Vice President

HENRY KOHN
Frankenthaler, Kohn & Schneider
General Counsel

Advisory Members
JOSEPH M. ARENSON
KEITH KEPLEY
ROY W. OSCARSON

The Five Company Divisions

EDISON BROTHERS SHOE STORES, INC.

814 Stores and Departments
Shoe stores: Chandlers, Bakers, Leeds, Burts, The Wild Pair;
Leased shoe departments; Joan Bari Boutiques

THE HANDYMAN

44 Do-it-yourself hardware
and building materials stores

SIZE 5-7-9 SHOPS

78 Stores featuring young, feminine
clothing for sizes one through nine

JEANS WEST

113 Stores offering jeans, tops,
outerwear for young people

UNITED SPORTING GOODS

30 Stores offering complete selection
of fine sports equipment and apparel

Edison Brothers Stores Inc. □ Founded in 1922 by
Samuel B. Edison □ Harry Edison □ Mark Edison □ Irving Edison □ Simon Edison

ANNUAL MEETING

of stockholders will be held in the offices of the Company at 400 Washington Avenue, St. Louis, Missouri, at 11 a.m. on Monday, April 28, 1975. A notice of the meeting with a proxy statement for holders of common stock was mailed under separate cover.

THE YEAR IN BRIEF

	1974	1973
Net sales	\$420,508,000	\$372,402,000
Net income	16,794,000	13,781,000
Total cash dividends	5,353,000	4,827,000
	Per Share	Per Share
Net income	\$ 4.10	\$ 3.30
Common stock dividends	1.29	1.14
Total taxes	6.15	5.01
Common stock equity	25.18	22.23
Working capital	\$ 64,945,000	\$ 46,302,000
Long-term debt	22,413,000	24,681,000
Common stock equity	101,796,000	91,015,000
Number of preferred shares outstanding	19,000	28,000
Number of common shares outstanding	4,043,000	4,094,000
Number of stockholders	4,600	4,700
Units at end of year	1,079	1,006



JULIAN I. EDISON

BERNARD A. EDISON

TO OUR STOCKHOLDERS:

We are pleased to report that 1974 was another outstanding year for Edison Brothers Stores, Inc. Sales and earnings again established record highs. Both the shoe and non-shoe portions of our business set new records in sales and in earnings.

The common stock quarterly dividend was increased twice within the past 12 months. In June it was increased from 30¢ per share to 33¢, and the Board of Directors has approved a further increase to 37¢ effective with the March 12, 1975 payment. This makes a total of ten increases in the dividend rate in the past ten years.

We are gratified, also, that the important fourth quarter had the strongest sales increase of the year and that these good increases are continuing in early 1975, in spite of adverse trends in the nation's economy. The major credit for these good results must go to our teams of buyers and

merchandisers. Using advanced systems of market analysis, they did an outstanding job of anticipating customer wants.

Throughout 1974 we improved our inventory turnover with the result that the ratio of inventory to sales has been significantly lower than it was in 1973.

During the year 121 stores were opened. The company's expansion philosophy continues to be aggressive. However, somewhat fewer new stores will be opened in 1975 because of the slower pace of development of new shopping centers. We continue our policy of promptly closing older stores in declining markets. 48 such stores were closed during the year.

Our working capital was strengthened during 1974 through a sale/leaseback financing arrangement for 17.7 million dollars at an 8½% rate over a 30-year term. Funds on hand are ample to provide for our 1975 expansion program and a substantial portion of our 1976 program as well. Nevertheless, should long-term interest rates appear to be relatively favorable during this year, we may anticipate future capital needs through additional borrowing.

During 1974 we purchased 51,108 shares of our common stock for general corporate purposes, and 8,681 shares of our preferred stock for future sinking fund requirements. We may continue to purchase our common and preferred stock in 1975.

Two officers retired this past year. Roy W. Oscarson, senior executive vice president and director, retired after a 42-year career. He made a monumental contribution to the building of our outstanding store

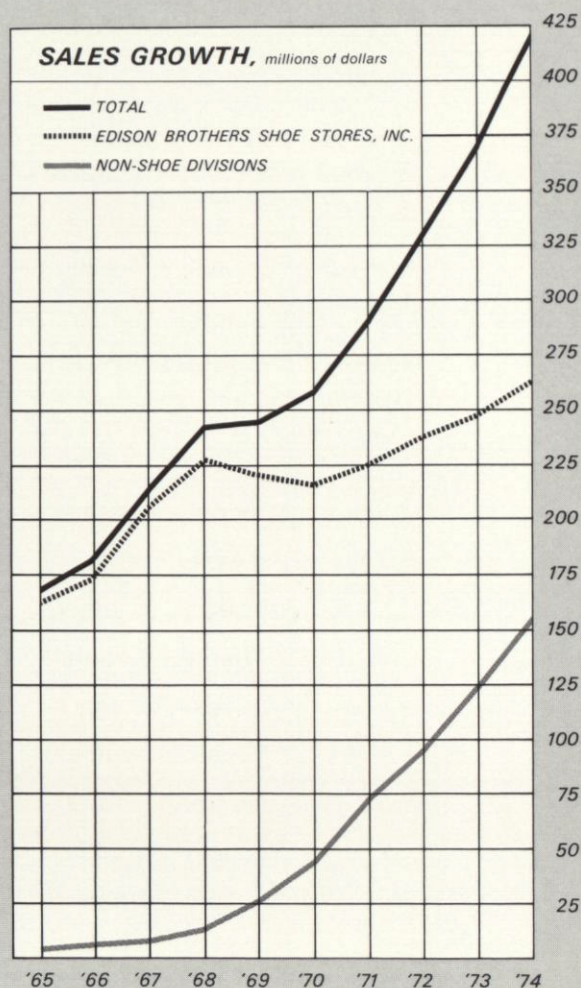
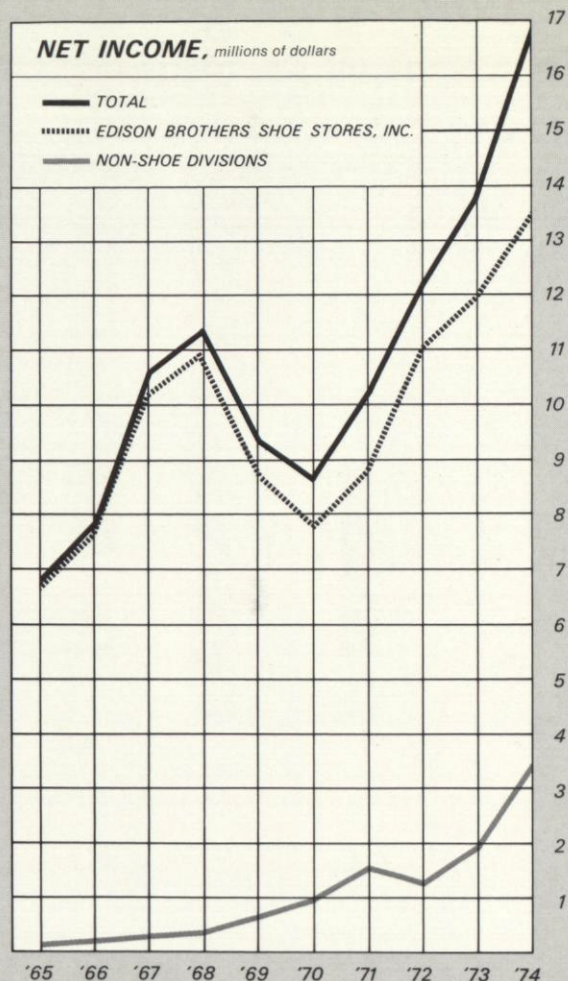
operating management team. Howard Brown, vice president, our representative and regional manager in the Salt Lake City area, retired after 41 years. We shall miss their contributions deeply. In addition, Simon Edison, a founder of our company, relinquished the position of chairman of the board, and Julian I. Edison was named to succeed him in that position.

We are confident that Edison Brothers' specialty store formats, appealing to sharply focused market segments, have given us clear consumer identities and loyal customer followings. We are hopeful that this strong position with our customers and our organization of excellent retail people will enable us to produce another good year in 1975.

Julian I. Edison
Chairman of the Board

Bernard A. Edison
President

St. Louis, Missouri, February 20, 1975



THE YEAR IN REVIEW

SALES

Consolidated net sales for the 52 week fiscal year ended December 28, 1974 were \$420,508,000, an increase of 12.9% over sales of \$372,402,000 in 1973. Shoe division sales amounted to \$264,575,000 in 1974 compared to \$247,928,000 in 1973. Non-shoe divisions accounted for \$155,933,000 of 1974 sales, compared to \$124,474,000 in 1973.

PROFITS

The consolidated net income for 1974 was \$16,794,000, an increase of 21.9% over the net income of \$13,781,000 for 1973. The per share earnings on the average number of common shares outstanding was \$4.10 in 1974 and \$3.30 in 1973. The shoe division accounted for \$13,372,000 of earnings in 1974 and \$11,895,000 in 1973. Non-shoe divisions earnings amounted to \$3,422,000 in 1974 compared to \$1,886,000 in 1973.

Taxes paid or accrued totaled \$25,053,000 in 1974. This was equal to \$6.15 per share on the average number of common shares outstanding. In 1973 the taxes were \$20,727,000 equal to \$5.01 per share.

DIVIDENDS

Cash dividends paid on the common and preferred stock in 1974 amounted to \$5,353,000. Common stock dividends were \$1.29 per share. The common stock quarterly dividend was increased on June 12, 1974 to 33¢ per share, equivalent to an annual rate of \$1.32 per share. 1974 was the 41st consecutive year in which the company has paid dividends on its common stock. After the close of the year, the board of directors increased the quarterly dividend 4¢ per share so that the March 12, 1975 dividend will be 37¢, which is an annual rate of \$1.48 per share.

WORKING CAPITAL

At the close of our 1974 fiscal year, working capital totaled \$64,945,000. This compared with \$46,302,000 at the close of 1973, an increase of \$18,643,000 or 40.3%.

Expenditures for fixed assets in 1974 amounted to \$13,833,000, as compared with \$17,667,000 in 1973. Proceeds from the sale of properties leased back amounted to \$17,700,000

in 1974 and \$3,692,000 in 1973. Depreciation and amortization of fixed assets for 1974 totaled \$6,336,000 compared to \$5,885,000 in 1973. Total net fixed assets amounted to \$60,761,000 at the close of 1974.

During 1974, 51,108 shares of the company's common stock were purchased for a total of \$1,086,000 and 8,681 shares of preferred stock for a total of \$484,000.

Cash and marketable securities totaled \$18,322,000 as of December 28, 1974. This was an increase of \$6,307,000 compared with the \$12,015,000 on hand at the beginning of 1974.

At the close of 1974, our merchandise inventories were valued at \$80,300,000, an increase of 7.5% over the \$74,725,000 at the beginning of the year. They are considered to be well controlled in proportion to anticipated sales.

As at December 28, 1974, the company's financial position continued strong with a ratio of current assets to current liabilities of 2.7 to 1.

PERSONNEL CHANGES

Fourteen Edisonians have been appointed to new officer positions. Edison Brothers Stores, Inc.: Julian I. Edison was elected chairman of the board and Lewis L. Pate was named controller. Elected vice president was Martin Sneider, president of Jeans West. Dan Orlando was named assistant vice president, insurance.

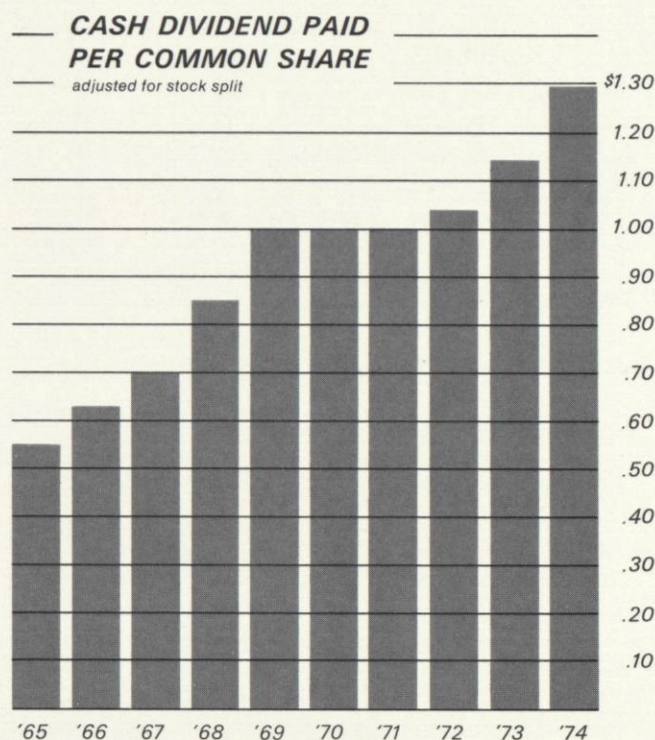
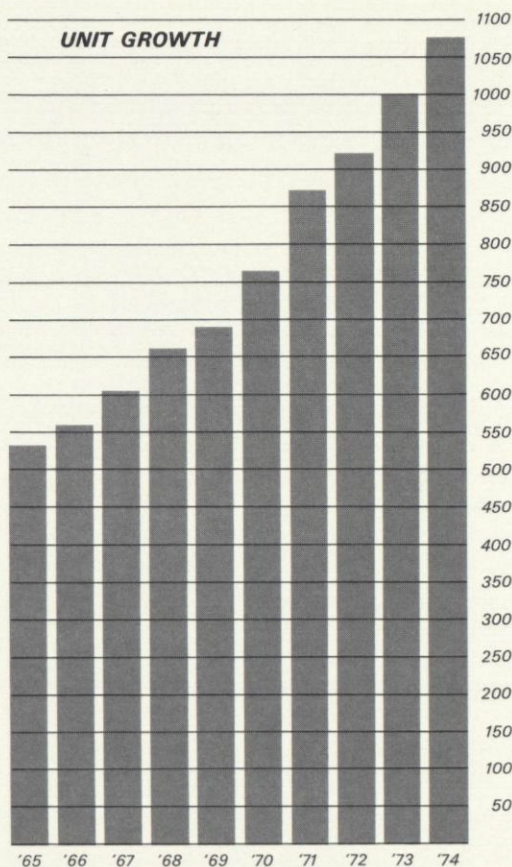
Edison Brothers Shoe Stores, Inc.: Andrew E. Newman was named vice president, operations and administration. Elevated from assistant vice president to vice president were Lester Cherry, northern divisional sales manager, and Gilbert Fiser, St. Louis regional manager. New assistant vice presidents are Harry Barbach, QualiCraft casuals associate buyer; Jack Hulsey, Cincinnati regional manager; John Pautsch, Chicago regional manager; and Edison Ricca, QualiCraft dress shoes associate buyer.

Jeans West: Martin Sneider was elected president. Harold Johnson, sales manager, was promoted from assistant vice president to vice president. Norman Gold was named assistant vice president.

EMPLOYEE BENEFITS

Edison Brothers Stores and its subsidiaries now have approximately 14,100 regular and part-time employees on a seasonal average basis. Salaries and wages totaled \$75,859,000 for 1974. This compares with \$68,654,000 paid in 1973. Payroll taxes paid by the company amounted to \$5,252,000 in 1974.

The company's contribution to the employees health plan trust, which includes hospital, medical and life insurance coverage was \$1,437,000 in 1974. In addition to this, \$1,723,000 was contributed to the pension trust for a total of \$3,160,000 paid to provide these employee benefits. This combined contribution by the company was \$812,000 more than the \$2,348,000 in 1973. The pension trust is entirely paid for by the company and is administered by Bankers Trust of New York. On December 28, 1974, the book value of the assets of the pension trust amounted to \$14,689,000.



CONSOLIDATED BALANCE SHEETS

ASSETS		
	December 28, 1974	December 29, 1973
Current Assets:		
Cash	\$ 14,124,000	\$ 9,887,000
Marketable securities, at cost (approximates market)	4,198,000	2,128,000
Receivables, prepaid expenses, etc.	4,419,000	4,964,000
Merchandise inventories	80,300,000	74,725,000
Total Current Assets	<u>103,041,000</u>	<u>91,704,000</u>
Fixed Assets, at cost	84,516,000	90,908,000
Less: Accumulated depreciation and amortization	23,755,000	21,167,000
	<u>60,761,000</u>	<u>69,741,000</u>
Other Assets:		
Deferred charges, etc.	1,178,000	1,217,000
Intangibles applicable to subsidiaries acquired, at amortized cost	2,565,000	2,725,000
	<u>\$167,545,000</u>	<u>\$165,387,000</u>
LIABILITIES & STOCKHOLDERS' EQUITY		
	December 28, 1974	December 29, 1973
Current Liabilities:		
Notes payable, banks.	\$ 1,500,000	\$ 13,250,000
Current installments of long-term debt	1,813,000	1,399,000
Accounts payable, accrued expenses, etc.	31,250,000	29,506,000
Federal income taxes.	3,533,000	1,247,000
Total Current Liabilities	<u>38,096,000</u>	<u>45,402,000</u>
Long-Term Debt.	<u>22,413,000</u>	<u>24,681,000</u>
Deferred Income Taxes and Other Credits	<u>3,336,000</u>	<u>1,517,000</u>
Stockholders' Equity:		
4¼% Cumulative Preferred Stock, par value \$100	1,904,000	2,772,000
Common Stock, par value \$1	4,043,000	4,094,000
Capital in Excess Of Par Value	1,118,000	1,769,000
Retained Earnings	95,833,000	84,392,000
Earnings Reserved For Limited Uninsured Risks	802,000	760,000
Total Stockholders' Equity	<u>103,700,000</u>	<u>93,787,000</u>
	<u>\$167,545,000</u>	<u>\$165,387,000</u>

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF INCOME

	Year ended	
	December 28, 1974	December 29, 1973
Net sales	\$420,508,000	\$372,402,000
Cost of goods sold, including occupancy and buying expenses	276,761,000	245,489,000
Store operating and administrative expenses	102,178,000	92,127,000
Depreciation and amortization of fixed assets	6,336,000	5,885,000
Interest expense	2,356,000	3,046,000
Other deductions, net	933,000	566,000
	<u>388,564,000</u>	<u>347,113,000</u>
Income before Federal income taxes	31,944,000	25,289,000
Provision for Federal income taxes	15,150,000	11,508,000
Net income (per Common share—\$4.10 and \$3.30, respectively)	<u>\$ 16,794,000</u>	<u>\$ 13,781,000</u>

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Thousands of Dollars				
	Preferred Stock	Common Stock	Capital in Excess of Par Value	Retained Earnings	Earnings Reserved
Year Ended December 28, 1974					
Balance at beginning of year	\$2,772	\$4,094	\$1,769	\$84,392	\$760
Add/(deduct):					
Net income				16,794	
Preferred Stock purchased—8,681 shares	(868)		384		
Common Stock purchased—51,108 shares		(51)	(1,035)		
Net charge to operations					42
Cash dividends:					
Preferred Stock—\$4.25 per share				(108)	
Common Stock—\$1.29 per share				(5,245)	
Balance at end of year	<u>\$1,904</u>	<u>\$4,043</u>	<u>\$1,118</u>	<u>\$95,833</u>	<u>\$802</u>
Year Ended December 29, 1973					
Balance at beginning of year	\$2,796	\$4,190	\$4,584	\$75,438	\$713
Add/(deduct):					
Net income				13,781	
Stock options exercised		1	23		
Preferred Stock purchased—245 shares	(24)		10		
Common Stock purchased—96,358 shares		(97)	(2,848)		
Net charge to operations					47
Cash dividends:					
Preferred Stock—\$4.25 per share				(118)	
Common Stock—\$1.14 per share				(4,709)	
Balance at end of year	<u>\$2,772</u>	<u>\$4,094</u>	<u>\$1,769</u>	<u>\$84,392</u>	<u>\$760</u>

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

	Year ended	
	December 28, 1974	December 29, 1973
Additions to Working Capital:		
Net income	\$ 16,794,000	\$ 13,781,000
Add: Charges to operations not requiring an outlay of current funds:		
Depreciation and amortization of fixed assets	6,336,000	5,885,000
Provision for deferred income taxes	637,000	439,000
Amortization of intangibles	160,000	161,000
Working Capital provided from operations	23,927,000	20,266,000
Proceeds from sale of properties leased back	17,700,000	3,692,000
Proceeds from sale of Common Stock to employees		24,000
Sundry, net	40,000	158,000
	<u>41,667,000</u>	<u>24,140,000</u>
Reductions in Working Capital:		
Expenditures for fixed assets	13,833,000	17,667,000
Purchase of Treasury Stock	1,570,000	2,959,000
Reductions in long-term debt	2,268,000	1,549,000
Dividends paid	5,353,000	4,827,000
	<u>23,024,000</u>	<u>27,002,000</u>
Increase/(Decrease) in Working Capital	18,643,000	(2,862,000)
Working Capital at beginning of year	46,302,000	49,164,000
Working Capital at end of year	<u>\$ 64,945,000</u>	<u>\$ 46,302,000</u>

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Consolidation—The financial statements include the accounts of all subsidiaries; intercompany accounts and transactions have been eliminated. The excess of purchase prices over book amounts of assets applicable to subsidiaries acquired is being amortized by the straight-line method over 20 years.

Inventories—A portion of the inventories is stated at the lower of cost, principally average cost, or market, based principally on anticipated realizable values. The other portion is based on the retail method.

Depreciation—Depreciation and amortization are computed principally on a straight-line basis.

Income Taxes—Investment tax credits (not material) have been applied as reductions of the provisions for Federal income taxes. Deferred income taxes at the balance sheet dates, \$1,853,000 (1974) and \$1,216,000 (1973) generally arise as a result of the timing difference of depreciation and amortization reported for financial statement and income tax purposes.

Computation of Income Per Share—Net income per Common share is based on the weighted average number of shares outstanding during the year. Shares issuable under the stock option and stock bonus plans would have no material dilutive effect on earnings per share.

FIXED ASSETS—The major classifications of fixed assets are as follows:

	Estimated life in years	Cost	
		December 28, 1974	December 29, 1973
Land		\$ 8,626,000	\$14,492,000
Buildings	25	11,340,000	19,711,000
Leaseholds and leasehold improvements	10 – 15	36,830,000	31,577,000
Fixtures and equipment	5 – 10	27,720,000	25,128,000
Total Cost		<u>\$84,516,000</u>	<u>\$90,908,000</u>

LONG-TERM DEBT—

	Maturity	December 28, 1974		December 29, 1973	
		Installments Due in 1975	Subsequent Maturities	Installments Due in 1974	Subsequent Maturities
Promissory Notes:					
5.25%	1979	\$ 350	\$ 1,450	\$ 350	\$ 1,800
5.375%	1982	250	2,000	250	2,250
4.9%	1983	313	2,500	312	2,813
4.9%	1984	250	2,350	250	2,600
8.625%	1991	(1)	13,500	(1)	13,500
Other	Various	650	613	237	1,718
		<u>\$1,813</u>	<u>\$22,413</u>	<u>\$1,399</u>	<u>\$24,681</u>

Above amounts are stated in thousands.

(1) Annual installments of \$608,000 commence in 1976 and increase to \$922,000 in 1980.

COMMON STOCK—

	Shares	
	December 28, 1974	December 29, 1973
Issued (5,000,000 authorized)	4,359,789	4,359,789
Less: Held in treasury	316,768	265,660
Outstanding	<u>4,043,021</u>	<u>4,094,129</u>

The Company has a Qualified Stock Option Plan for the sale of Common Stock of the Company to executives and key employees. Changes in the status of the options are summarized as follows:

	Number of Shares	
	December 28, 1974	December 29, 1973
Under option, beginning of year	82,520	95,256
Options granted	2,000	4,700
Options expired	(24,272)	(15,704)
Options cancelled		(800)
Options exercised (\$26.25 per share)		(932)
Under option, end of year	<u>60,248</u>	<u>82,520</u>
Available for option at end of year	<u>46,721</u>	<u>24,449</u>
Exercisable at end of year	<u>44,923</u>	<u>53,579</u>

Shares under option as at December 28, 1974 and per share option prices are as follows: 100—\$22.00; 2,000—\$23.63; 31,848—\$26.25; 4,700—\$32.25; 4,000—\$37.19; and 17,600—\$38.88.

The Company has a 1972 Stock Bonus Plan under which 150,000 shares of Common Stock may be issued to key employees. The stock is distributable in installments from two to six years after grant, based on the excess of market value at time of distribution over the base price (which may not be less than 75% of market value at date of grant). Based on the quoted market value of the Common Stock at December 28, 1974, no shares are issuable under the plan for bonuses granted in 1973 at a base price of \$27.50 and in 1972 at a base price of \$34.00 (85% of market value at date of grants).

On February 6, 1975, subject to the approval of stockholders, the Board of Directors discontinued the 1972 Stock Bonus Plan and created a 1975 Stock Bonus Plan. On the same date options under the Qualified Stock Option Plan were terminated and new options granted.

PREFERRED STOCK—The 4¼% Cumulative Preferred Stock, which is redeemable at \$104 plus accrued dividends upon call or voluntary liquidation and at \$100 plus accrued dividends upon involuntary liquidation, is summarized as follows:

	Shares	
	December 28, 1974	December 29, 1973
Authorized and originally issued.	65,000	65,000
Less: Sinking fund redemptions.	33,800	32,500
Held in treasury	12,162	4,781
	45,962	37,281
Outstanding.	19,038	27,719

The Company has fulfilled sinking fund requirements for the annual redemption and cancellation of 1,300 shares through December 28, 1974.

LEASES—Operations of the companies are, for the most part, conducted in leased premises. A majority of leases provide for percentage rentals based upon sales, and other items, as additional rent. Net rental expense for approximately 1,150 (1974) and 1,100 (1973) leases and subleases is as follows:

	Noncapitalized financing leases*		Other leases		Total	
	1974	1973	1974	1973	1974	1973
Minimum.	\$3,931,000	\$1,957,000	\$17,148,000	\$15,863,000	\$21,079,000	\$17,820,000
Based upon sales	23,000	50,000	5,044,000	4,322,000	5,067,000	4,372,000
Other	795,000	535,000	2,850,000	2,309,000	3,645,000	2,844,000
Less: Sublease income.	(136,000)	(140,000)	(739,000)	(798,000)	(875,000)	(938,000)
	\$4,613,000	\$2,402,000	\$24,303,000	\$21,696,000	\$28,916,000	\$24,098,000

Approximate minimum rental commitments under all noncancelable real estate leases at December 28, 1974 for the periods shown below are as follows:

	Noncapitalized financing leases*			Other leases			Total
	Commitment	Sublease income	Subtotal	Commitment	Sublease income	Subtotal	
1975.	\$ 4,085,000	\$128,000	\$ 3,957,000	\$18,994,000	\$ 747,000	\$18,247,000	\$22,204,000
1976.	4,087,000	128,000	3,959,000	17,872,000	573,000	17,299,000	21,258,000
1977.	4,089,000	128,000	3,961,000	17,002,000	484,000	16,518,000	20,479,000
1978.	3,976,000	128,000	3,848,000	16,191,000	402,000	15,789,000	19,637,000
1979.	3,862,000	128,000	3,734,000	15,410,000	320,000	15,090,000	18,824,000
1980-1984 . . .	19,290,000	464,000	18,826,000	61,875,000	1,032,000	60,843,000	79,669,000
1985-1989 . . .	18,911,000	288,000	18,623,000	38,715,000	540,000	38,175,000	56,798,000
1990-1994 . . .	16,704,000	256,000	16,448,000	12,923,000	466,000	12,457,000	28,905,000
Beyond 1994 . .	21,635,000	113,000	21,522,000	1,477,000	6,000	1,471,000	22,993,000

*As defined by the Securities and Exchange Commission.

Approximate present values at the balance sheet dates for all noncapitalized real estate financing leases are \$43,543,000 (1974) and \$23,031,000 (1973). The range of interest rates is 2.5-8.5% and the weighted average interest rates are 7.2% (1974) and 5.8% (1973). If the companies had capitalized noncapitalized financing leases the impact upon net income would not have been material.

During 1974 and 1973, properties were sold and leased back under long-term leases. The proceeds aggregated \$17,700,000 and \$3,692,000, respectively, and no gains or losses were recognized on the transactions.

RETAINED EARNINGS RESTRICTIONS—The terms of the instruments relating to long-term loans and the Preferred Stock contain certain restrictions including limitations on the payment of dividends (other than stock dividends) and the acquisition of capital stock of the Company. Retained Earnings of \$34,582,000 as at December 28, 1974, are free of such limitations.

PENSION COSTS—The companies have a pension plan covering employees who have met eligibility requirements. Pension expense was \$1,723,000 in 1974 and \$1,133,000 in 1973 including amortization of unfunded past service cost over 40 years. It is the Company's policy to fund pension cost accrued. Based on the most recent report by the Company's consulting actuaries, which is as of January 1, 1974, the value of the pension trust assets at December 28, 1974 approximates the present value of vested benefits. Compliance with the Pension Reform Act of 1974 is not expected to result in a significant change to the plan.

CHANGES IN WORKING CAPITAL BY ELEMENT—

	Year Ended	
	December 28, 1974	December 29, 1973
Increase/(decrease) in current assets:		
Cash and marketable securities	\$ 6,307,000	\$(2,621,000)
Merchandise inventories	5,575,000	7,784,000
Receivables, prepaid expenses, etc.	(545,000)	203,000
	<u>11,337,000</u>	<u>5,366,000</u>
Increase/(decrease) in current liabilities:		
Notes payable, banks	(11,750,000)	9,850,000
Accounts payable, accrued expenses, etc.	1,744,000	(197,000)
Federal income taxes	2,286,000	(1,287,000)
Current installments of long-term debt.	414,000	(138,000)
	<u>(7,306,000)</u>	<u>8,228,000</u>
Increase/(Decrease) in Working Capital	<u>\$18,643,000</u>	<u>\$(2,862,000)</u>

ACCOUNTANTS' REPORT

To the Board of Directors
Edison Brothers Stores, Inc.
St. Louis, Missouri

We have examined the consolidated balance sheets of Edison Brothers Stores, Inc. and subsidiary companies as at December 28, 1974 and December 29, 1973 and the related consolidated statements of income, stockholders' equity and changes in financial position for the years (52 weeks) then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in

the circumstances.

In our opinion, the above-mentioned financial statements present fairly the consolidated financial position of Edison Brothers Stores, Inc. and subsidiary companies at December 28, 1974 and December 29, 1973, and the consolidated results of their operations and the consolidated changes in their financial position for the years (52 weeks) then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

St. Louis, Missouri
February 20, 1975

S. D. LEIDESDORF & CO.

EBS COMMON SHARES QUARTERLY PRICES AND DIVIDENDS

		1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
		High	Low	High	Low	High	Low	High	Low
1973	Prices. . .	\$47.00	\$30.50	\$33.50	\$27.50	\$29.50	\$27.25	\$30.50	\$20.50
	Dividends .	\$.27		\$.27		\$.30		\$.30	
1974	Prices. . .	25.00	21.50	23.00	21.37	21.87	17.50	20.37	16.75
	Dividends .	.30		.33		.33		.33	

Edison Brothers Stores, Inc. Common Shares are listed on the New York Stock Exchange.

Transfer Agent: Bankers Trust Company, New York, N.Y. 10017

Registrar: The Chase Manhattan Bank, New York, N.Y. 10015

TEN YEAR STATISTICAL SUMMARY

	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965
Units end of each year	1,079	1,006	922	870	766	692	667	606	565	533
Net sales	\$420,508,000	\$372,402,000	\$333,070,000	\$290,870,000	\$255,955,000	\$244,696,000	\$240,300,000	\$213,770,000	\$181,633,000	\$167,125,000
Cost of goods sold, including occupancy and buying expenses	276,761,000	245,489,000	221,470,000	194,386,000	168,084,000	159,027,000	155,538,000	139,994,000	121,057,000	111,954,000
Taxes other than Federal income taxes	9,903,000	9,219,000	7,305,000	5,784,000	4,968,000	4,881,000	4,196,000	3,405,000	2,834,000	2,326,000
Interest expense	2,356,000	3,046,000	2,087,000	1,455,000	1,142,000	1,142,000	1,017,000	991,000	1,058,000	1,082,000
Other expenses	99,544,000	89,359,000	80,860,000	72,389,000	67,677,000	62,370,000	59,274,000	51,522,000	44,145,000	40,961,000
Federal income taxes	15,150,000	11,508,000	9,220,000	6,700,000	5,464,000	7,430,000	8,996,000	7,373,000	4,812,000	4,116,000
Net income	16,794,000	13,781,000	12,128,000	10,156,000	8,620,000	9,246,000	11,279,000	10,485,000	7,727,000	6,686,000
Preferred stock dividends paid	108,000	118,000	119,000	119,000	121,000	124,000	127,000	132,000	151,000	168,000
Net income applicable to common stock	16,686,000	13,663,000	12,009,000	10,037,000	8,499,000	9,122,000	11,152,000	10,353,000	7,576,000	6,518,000
Common stock dividends paid	5,245,000	4,709,000	4,355,000	4,174,000	4,189,000	4,238,000	3,533,000	2,897,000	2,588,000	2,277,000
Working capital	64,945,000	46,302,000	49,164,000	53,325,000	45,383,000	54,546,000	59,485,000	62,475,000	57,784,000	55,272,000
Long-term debt	22,413,000	24,681,000	26,230,000	25,501,000	13,998,000	15,317,000	16,515,000	18,107,000	18,868,000	20,205,000
Common stock equity	101,796,000	91,015,000	84,925,000	77,144,000	70,687,000	68,336,000	64,637,000	57,786,000	50,014,000	45,102,000
Common shares outstanding at year end	4,043,000	4,094,000	4,190,000	4,186,000	4,155,000	4,232,000	4,254,000	4,255,000	4,240,000	4,251,000
Weighted average common shares outstanding	4,071,000	4,138,000	4,188,000	4,175,000	4,185,000	4,236,000	4,254,000	4,255,000	4,240,000	4,247,000
Total taxes per common share	\$ 6.15	\$ 5.01	\$ 3.95	\$ 2.99	\$ 2.49	\$ 2.91	\$ 3.10	\$ 2.53	\$ 1.80	\$ 1.52
Net income per common share	4.10	3.30	2.87	2.40	2.03	2.15	2.62	2.43	1.79	1.53
Dividends per common share	1.29	1.14	1.04	1.00	1.00	1.00	.85	.70	.63	.55
Common stock equity, per share	25.18	22.23	20.27	18.43	17.01	16.15	15.19	13.58	11.80	10.61

The number of common shares outstanding and net income per common share have been adjusted to reflect the stock split of 2-for-1 in 1968. Net income per common share is based on the weighted average number of shares outstanding during the year.

Additional Officers

EDISON BROTHERS STORES, INC.

JERALD M. ALTON
Assistant Secretary

MEL FORMAN, Vice President
Size 5-7-9 Shops

JACK GOLDSWORTH, Vice President
Size 5-7-9 Shops

HERBERT A. HAIMSOHN, Vice President
The Handyman

WALTER H. HEINECKE, Vice President
Real Estate

ARTHUR J. HOLLENBACH, Asst. Vice President
Traffic Manager

JOSEPH J. METZLER, Vice President
Treasurer

ROBERT L. MISRACH, Vice President
United Sporting Goods

DAN ORLANDO, Asst. Vice President
Insurance

LEWIS L. PATE, Controller

MORGAN I. PITCHER, JR.
Assistant Vice President

FRANK P. RICCA, JR., Vice President
Real Estate

MARTIN SNEIDER, Vice President
Jeans West

HAROLD M. WINTER
Assistant Treasurer

M. RICHARD WYMAN, Vice President
Corporate Development

**EDISON
BROTHERS
SHOE STORES, INC.**

JULIAN I. EDISON, President

DAVID ALTON, Vice President
Distribution Centers

SAM ALTON, Asst. Vice President
Merchandise Control

HARRY BARBACH, Asst. Vice President
Assoc. Buyer, QualiCraft Casuals

BERNARD BLOOM, AIA, Vice President
Architecture and Construction

BEN BORUS, Vice President
Purchasing

RUSSELL S. BRANSTETTER
Assistant Treasurer

LESTER CHERRY, Vice President
Sales Manager, Northern Division

JOHN CODESPOTI, Asst. Vice President
Regional Manager, New York City

ALFRED CORTOPASSI, Asst. Vice President
Advertising Manager

MARVIN EDELMAN, Vice President
Merchandise Control

STEPHEN D. EDISON, Asst. Vice President
Merchandise Control

BEN ELLIS, Vice President
Buyer, QualiCraft Casuals

RABY FICKLIN, Asst. Vice President
Regional Manager, Salt Lake City

JOSEPH FINGERHUT, Vice President
Buyer, Handbags

FRANK A. FISER, Asst. Vice President
Regional Manager, San Francisco

GILBERT F. FISER, Vice President
Regional Manager, St. Louis

WILLARD FONAROW, Vice President
Buyer, French Room Casuals

DALE D. GILGER, Vice President
Buyer, Leased Departments

VIRGIL GILGER, Asst. Vice President
Regional Manager, Omaha

E. AL GULINSON, Vice President
Regional Manager, Minneapolis

JOSEPH HOLTZMAN, Vice President
Buyer, Leased Departments

LEONARD HUBBARD, Asst. Vice President
Director, Store Operations

JACK HULSEY, Asst. Vice President
Regional Manager, Cincinnati

E. L. JEFFRYES, Vice President
Asst. General Sales Manager

WILLIAM R. LANGSTON, Vice President
Sales Manager, Southern Division

BERNARD L. LEBOWITZ, Vice President
Buyer, Sports Shoes and Boots

SIDNEY A. LEVINSON, Vice President
Merchandise Control

STUART LOCHHEAD, Vice President
Store Cost Control

GEORGE J. LUCAS, Asst. Vice President
Accounting

WILLIAM P. MOHR, Asst. Vice President
Art Director

ANDREW E. NEWMAN, Vice President
Operations and Administration

G. RICHARD OSCARSON, Vice President
Leased Department Division

R. DON OSCARSON, Asst. Vice President
Marketing Coordinator

HENRY PASCH, Asst. Vice President
Buyer, Sweet Steps Shoes

JOHN R. PAUTSCH, Asst. Vice President
Regional Manager, Chicago

MORRIS PEARLMUTTER, Vice President
Advertising and Public Relations

JACK D. PORTER, Vice President
Information Systems

EDISON RICCA, Asst. Vice President
Assoc. Buyer, QualiCraft Dress Shoes

HAROLD C. ROBISON, Asst. Vice President
Regional Manager, Seattle

JAMES L. ROWEDDER, Asst. Vice President
Los Angeles

JACK SARNOFF, Vice President
Display

GEORGE SAVAGE, Vice President
Buyer, QualiCraft Dress Shoes

JAMES STEWART, Asst. Vice President
Buyer, French Room Dress Shoes

HERBERT M. TALCOFF, Vice President
Accessories Division

FRANCIS J. WETTA, Vice President
Sales Manager, West Coast Division

WILLIAM WILLER, Asst. Vice President
Distribution Centers

HENRY WINER, Vice President
Buyer, Handbags

**HANDYMAN
HOME IMPROVEMENT
CENTERS**

HERBERT A. HAIMSOHN, President

EDWIN H. COHAN, Vice President
Sales Management

P. B. COINER, Vice President
Administration

NORMAN FOX, Vice President
Marketing

SIZE 5-7-9 SHOPS

JACK GOLDSWORTH, President

MEL FORMAN, Vice President

JEANS WEST

MARTIN SNEIDER, President

NORMAN GOLD, Asst. Vice President

RICHARD HANCOCK, Vice President
Buyer

ROBERT HAZEL, Asst. Vice President
Buyer

HAROLD E. JOHNSON, Vice President
Operations

RONALD LYONS, Asst. Vice President
Sales Manager

UNITED SPORTING GOODS

ROBERT L. MISRACH, President

DALLAS JONES, Vice President
Administration

HAROLD J. LEVY, Vice President
Operations

RONALD A. THOMPSON, Vice President
Merchandising



EDISON BROTHERS STORES INC.

EXECUTIVE OFFICES: 400 WASHINGTON AVE.

MAIL: P.O. BOX 14020, ST. LOUIS, MO. 63178.

OPERATES 1079 RETAIL UNITS

